

103^D CONGRESS
2^D SESSION

H. R. 4159

To encourage gainful employment among the residents of public housing,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 24, 1994

Ms. WATERS (for herself and Mr. BISHOP) introduced the following bill; which
was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To encourage gainful employment among the residents of
public housing, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Public Housing Rent
5 Reform Act”.

6 **SEC. 2. PUBLIC HOUSING CEILING RENTS.**

7 Section 3(a)(2) of the United States Housing Act of
8 1937 (42 U.S.C. 1437a(a)(2)) is amended—

9 (1) in subparagraph (A), by striking clause (iii)
10 and inserting the following new clause:

1 “(iii) at the election of such agency and subject
2 to approval by the Secretary, is—

3 “(I) not less than the average monthly
4 amount of debt service and operating expenses
5 attributable to dwelling units of similar size in
6 public housing projects owned and operated by
7 such agency;

8 “(II) not less than the rental paid by a
9 family the amount of whose rent is such that,
10 on the date upon which a public housing agency
11 adopts ceiling rents under this subclause for the
12 project in which such family resides, not less
13 than 10 percent nor more than 20 percent (as
14 determined by the Secretary from time to time
15 by regulation) of the families residing in such
16 project pay a higher rent; any ceiling rents so
17 adopted and approved by the Secretary shall be
18 redetermined annually by application of the
19 automatic annual adjustment factors issued
20 from time to time by the Secretary pursuant to
21 section 8(c)(2)(A); or

22 “(III) not less than the fair market rent
23 determined by the agency for comparable units
24 of similar size pursuant to the procedures pre-
25 scribed by the Secretary for determining rent

1 reasonableness under the program for rental
2 certificate assistance under section 8(b); the
3 Secretary may, not more frequently than annu-
4 ally, review the ceiling rents determined under
5 this subclause by each agency and each agen-
6 cy's application of the procedures for determin-
7 ing rent reasonableness used in establishing
8 such rents and if, pursuant to such review, the
9 Secretary determines on the record after oppor-
10 tunity for an agency hearing, that the ceiling
11 rents adopted by an agency pursuant to this
12 subclause are deliberately and materially under-
13 stated, the Secretary may impose such correc-
14 tive actions as the Secretary considers appro-
15 priate, which may include payment to the Sec-
16 retary of some or all of the aggregate amounts
17 by which such rents are understated; the Sec-
18 retary may at any time require that the deter-
19 mination of ceiling rents pursuant to this
20 subclause be conducted by a qualified independ-
21 ent third party in accordance with regulations
22 issued by the Secretary.”; and
23 (2) by redesignating subparagraph (B) as sub-
24 paragraph (I) and inserting after subparagraph (A)
25 the following new subparagraphs:

1 “(B) A waiver by the Secretary shall not be necessary
2 for a public housing agency to adopt ceiling rents under
3 this paragraph. The discretion of the Secretary in approv-
4 ing an election by a public housing agency to adopt ceiling
5 rents shall be limited to ensuring that the election meets
6 the requirements of this paragraph. Without limiting any
7 other provision of this subparagraph, the Secretary shall
8 not (except as otherwise specifically provided in subpara-
9 graph (C)) hold or exercise any discretion with respect to
10 the method under subparagraph (A)(iii) that an agency
11 may elect to determine its ceiling rents, and such election
12 shall be within the sole discretion of the agency.

13 “(C) Unless otherwise approved by the Secretary, a
14 public housing agency shall utilize the same method for
15 determining ceiling rents for all projects with respect to
16 which such agency elects to adopt ceiling rents; except
17 that, with respect to single family scattered site housing
18 or projects consisting of 10 or less units, a public housing
19 agency may elect, or the Secretary may require, that ceil-
20 ing rents applicable to such units be calculated using the
21 method under subparagraph (A)(iii)(III), notwithstanding
22 that ceiling rents applicable to the agency’s other projects
23 are calculated using another method. After the initial
24 adoption of ceiling rents by a public housing agency and
25 approval thereof by the Secretary, the agency may not

1 thereafter elect a different method of calculating such
2 rents except as approved by the Secretary.

3 “(D) Subject to the limitations under subparagraph
4 (C), different ceiling rents may be adopted by a public
5 housing agency and approved by the Secretary for each
6 project owned by the public housing agency. A public
7 housing agency may adopt and the Secretary may approve
8 maximum rents for some or all of the projects owned by
9 such agency.

10 “(E) Any ceiling rents adopted shall be redetermined
11 annually, for each project for which such rents are adopt-
12 ed, by the public housing agency and, subject to subse-
13 quent readjustment if the Secretary determines after re-
14 view that such rents are improper, such redetermined ceil-
15 ing rents shall be effective without further approval by the
16 Secretary.

17 “(F) Notwithstanding any other provision of this
18 paragraph—

19 “(i) not more than 25 percent of the total num-
20 ber of dwelling units contained in any project
21 (rounded upward to the nearest whole unit) may be
22 occupied by families whose rents are limited in
23 amount by the ceiling rents adopted for such project;
24 if, at any time, families occupying more than 25 per-
25 cent of the units in a project are eligible for ceiling

1 rents, then, at the time of the next annual redeter-
2 mination of ceiling rents for such project, the public
3 housing agency shall increase the applicable ceiling
4 rents so that, at the time of such redetermination,
5 not more than 25 percent of the dwelling units in
6 the project are occupied by families whose rent is
7 limited by ceiling rents; and

8 “(ii) the total continuous period during which
9 any family’s rent may be limited by the full applica-
10 tion of ceiling rents shall not exceed 3 years; if at
11 any time commencing before the expiration of the 3-
12 year period, the rent payable by a family is less than
13 the applicable ceiling rent for a period in excess of
14 12 consecutive months, because of a reduction in the
15 family’s adjusted income or an increase in ceiling
16 rents, or both, then a new 3-year period shall com-
17 mence when such family’s rent again would exceed
18 the applicable ceiling rents; after the expiration of
19 any 3-year continuous period during which ceiling
20 rents are fully applied to limit a family’s rent, the
21 reduction in such family’s rent that would otherwise
22 result from full application of the ceiling rents shall
23 be successively decreased so that (I) during the 4th
24 year, the family shall receive 85 percent of the re-
25 duction that would result if the ceiling rents were

1 fully applied; (II) during the 5th year, the family
2 shall receive 65 percent of such reduction; (III) dur-
3 ing the 6th year, the family shall receive 40 percent
4 of such reduction; and (IV) during the 7th and sub-
5 sequent years the family shall not receive any reduc-
6 tion in rent as a result of the adoption of ceiling
7 rents; the commencement of a family's initial 3-year
8 eligibility or subsequent 3-year reeligibility for full
9 ceiling rent limitations and the commencement of
10 each reduction in the full application of ceiling rents
11 as provided in this clause shall, in the case of each
12 family, occur not later than the effective date of
13 such family's annual redetermination of rent and
14 family composition in accordance with its public
15 housing lease.

16 “(G) Ceiling rents authorized under this paragraph
17 shall not be applicable to any project which is designated
18 as housing for elderly persons.

19 “(H) For purposes of this paragraph—

20 “(i) the term ‘ceiling rent’ means the maximum
21 amount of rent, adopted by a public housing agency
22 and approved by the Secretary pursuant to this sub-
23 paragraph, that may be charged to a family; and

24 “(ii) the term ‘project’ means a building or
25 group of buildings containing public housing units

1 and having a common identity and management, as
2 determined by the public housing agency; a project
3 need not contain buildings or sets of buildings hav-
4 ing the same project number assigned by the Sec-
5 retary or all of the buildings or sets of buildings
6 having the same such number.”.

7 **SEC. 3. EARNED INCOME EXCLUSIONS.**

8 Section 3(b)(5) of the United States Housing Act of
9 1937 (42 U.S.C. 1437a(b)(5)) is amended—

10 (1) in subparagraph (C)—

11 (A) by striking “and” before “(ii)”; and

12 (B) by inserting before the semicolon at
13 the end the following; “; and (iii) to the extent
14 documented, the amount actually paid by the
15 family for health insurance coverage for any
16 members of the family residing in the household
17 who, at the time, are not receiving or approved
18 to receive any assistance for health care from
19 the Federal Government or any State govern-
20 ment”;

21 (2) by striking subparagraph (E) and inserting
22 the following new subparagraph:

23 “(E) in the case of an elderly family, 10 per-
24 cent of the earned income of the family, and, in the

1 case of a nonelderly family, 20 percent of the earned
2 income of the family;”;

3 (3) in subparagraph (F), by striking “and” at
4 the end;

5 (4) in subparagraph (G), by striking the period
6 at the end and inserting a semicolon; and

7 (5) by adding at the end the following new sub-
8 paragraphs:

9 “(H) in the case of 2-parent families with chil-
10 dren (as defined by the Secretary by regulation), an
11 amount not to exceed an additional 10 percent of
12 the earned income of the family; and

13 “(I) in the case of a family residing in public
14 housing, of any earned income of any formerly de-
15 pendent child who is a member of the family—

16 “(i) 100 percent of such earned income
17 during the period beginning on the date of the
18 first redetermination of the rent for and family
19 composition of the family that occurs after the
20 child reaches 18 years of age and ending upon
21 the commencement of the period under clause
22 (ii);

23 “(ii) 85 percent of such earned income
24 during the period beginning on the date of the
25 first redetermination of the rent for and family

1 composition of the family that occurs after the
2 child reaches 21 years of age and ending upon
3 the commencement of the period under clause
4 (iii);

5 “(iii) 65 percent of such earned income
6 during the period beginning on the date of the
7 first redetermination of the rent for and family
8 composition of the family that occurs after the
9 child reaches 22 years of age and ending upon
10 the commencement of the period under clause
11 (iv);

12 “(iv) 40 percent of such earned income
13 during the 1-year period beginning on the date
14 of the first redetermination of the rent for and
15 family composition of the family that occurs
16 after the child reaches 23 years of age.”.

17 **SEC. 4. EFFECTIVE DATE.**

18 The amendments made by this Act shall take effect
19 120 days after the date of the enactment of this Act.

20 **SEC. 5. IMPLEMENTATION.**

21 The Secretary shall issue any final regulations nec-
22 essary to implement the amendments made by this Act,
23 which shall take effect not later than the effective date
24 under section 4 for the amendments. The regulations shall
25 be issued after notice and opportunity for public comment

1 in accordance with the procedures under section 553 of
2 title 5, United States Code, applicable to substantive rules
3 (notwithstanding subsections (a)(2), (b)(B), and (d)(3) of
4 such section).

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